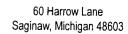
AUDITING PROCEDURES REPORT Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type City X Township	Usual Govern	nment Name IMFIELD TO	WNSHIP	County SAGENAW						
Audit Date 3/1-04	Opinion Date 5-07-07	Date Accountant Report S	Submitted to State:							
prepared in accordance Reporting Format for Finderson Department of Treasury.		nit of government and vernmental Accounting es and Local Units o	rendered an opir g Standards চুকুর f Governmen প্রি	TMochigae Bury Michiga						
We have complied with the	ith the Bulletin for the Audits of	Local Units of Governr	nent in Michigan :	as revised.						
We are certified publ	ic accountants registered to pra	ctice in Michigan.	LUCAL A	UDIT & FINANCE DIV.						
	owing. "Yes" responses have be	_	ancial statements	, including the notes, or in						
You must check the appli	cable box for each item below.									
yes no 1. Ce	ertain component units/funds/age	encies of the local unit	are excluded fror	n the financial statements						
yes no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).										
yes 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).										
yes no 4. The	e local unit has violated the cor its requirements, or an order iss	nditions of either an or rued under the Emerge	der issued under ency Municipal Lo	the Municipal Finance Adan Act.						
yes in no 5. The	e local unit holds deposits/inves 1943, as amended [MCL 129.91	stments which do not o	comply with status as amended [MCL	tory requirements. (P.A. 2 _ 38.1132]).						
yes no 6. The	e local unit has been delinquent t.	t in distributing tax reve	enues that were o	collected for another taxing						
ear the	e local unit has violated the Cor ned pension benefits (normal co overfunding credits are more ing the year).	osts) in the current yea	r. If the plan is m	ore than 100% funded and						
yes no 8. The	e local unit uses credit cards an 95 (MCL 129.241).	d has not adopted an	applicable policy	as required by P.A. 266 o						
yes v no 9. The	e local unit has not adopted an i	nvestment policy as re	quired by P.A. 19	6 of 1997 (MCL 129.95).						
We have enclosed the	following:		Enclosed F	To Be Not						
The letter of comments ar	nd recommendations.	6 33	Zinciosed 1	Negalied Regulied						
Reports on individual fede	eral financial assistance progran	ns (program audits).		×						
Single Audit Reports (ASL	.GU).			X						
Certified Public Accountant	(Firm Name) RERTILI ALL	ME & COMP	PANY CPA	- 5						
Street Address 60 /	HARROW LANE	City SAGI		em/ ZIP48603						
	penneck p. Binter									

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(989) 791-1555 Fax (989) 791-1992



INDEPENDENT AUDITORS' REPORT

Township Board Blumfield Township Saginaw, Michigan

We have audited the general purpose financial statements of Blumfield Township, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of Blumfield Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Township has not maintained a record of its general fixed assets, and accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in the financial report.

In our opinion, except for the effect of the above, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Blumfield Township at March 31, 2004, and the results of its operations and changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Blumfield Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

May 27, 2004

Bethiaum & Co.

ALL FUND TYPES AND ACCOUNT GROUP

COMBINED BALANCE SHEET

March 31, 2004

	GOVERNMENTAL FUND TYP							
			Debt		Capital			
		General		Service		Projects		
ASSETS:								
Cash and equivalents	\$	289,420	\$	69,982	\$	10,987		
Taxes receivable		5,843		· -		· -		
Accounts receivable		3,889		_		-		
Special assessments receivable		-		585,850		-		
Interest receivable		-		935		-		
Prepaid expense		6,222		-		-		
Amount available for retirement of long-term debt		-		-		-		
Amount to be provided for retirement of long-term debt						-		
Total assets	\$	305,374	\$	656,767	\$	10,987		
LIABILITIES & FUND EQUITY:								
Liabilities:								
Accounts payable	\$	12,526	\$	_	\$	_		
Due to other governmental units		´ -	•	-	•	-		
Special revenue bonds payable		_		_		-		
Contracts payable		-		-		-		
Deferred revenue		-		584,028		<u>-</u>		
Total liabilities		12,526		584,028		-		
Fund Equity:								
Fund Balance:								
Reserved for prepaid expenses		6,222		-		-		
Unreserved – Undesignated		286,626		72,739		10,987		
Total fund equity		292,848		72,739		10,987		
Total liabilities & fund equity	\$	305,374	\$	656,767	\$	10,987		

	IDUCIARY FUND TYPES Trust and Agency		CCOUNT GROUP General ong-Term Debt	(Men	Totals norandum Only)
ď	72 012	¢		er.	444.202
\$	73,813	\$	-	\$	444,202
	•		-		5,843
	-		-		3,889
	-		-		585,850 935
	_				6,222
	_		72,739		72,739
	_		890,995		890,995
\$	73,813	\$	963,734	\$	2,010,675
\$	855 - - -	\$	475,000 488,734 -	\$	12,526 855 475,000 488,734 584,028
	855		963,734	····	1,561,143
	_		-		6,222
	72,958		-		443,310
	72,958		-		449,532
\$	73,813	\$	963,734	\$	2,010,675

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended March 31, 2004

		GOVER	RNMI	ENTAL FUNI	D TY	PES	_	
		General		Debt Service	·	Capital Projects	(Mem	Totals orandum Only)
REVENUES:								
Property taxes Licenses and permits Intergovernmental:	\$	195,666 17,170	\$	-	\$	-	\$	195,666 17,170
State grants		146,985		-		-		146,985
Charges for services		81,048		-		-		81,048
Interest and rentals		5,454		285		513		6,252
Special assessments		.		140,154		-		140,154
Other revenue		6,474		-		670		7,144
Total revenues	•	452,797		140,439		1,183	,	594,419
EXPENDITURES:								
General government		89,202		-		-		89,202
Public safety		51,106		-		-		51,106
Public works		270,553		-		-		270,553
Community and economic development		5,217		-		-		5,217
Recreation and culture		13,600		-		-		13,600
Other		20,574		-		-		20,574
Capital outlay		13,633		-		185,196		198,829
Debt Service:								
Principal		24,000		45,000		-		69,000
Interest		2,249		26,523		•		28,772
Total expenditures		490,134		71,523		185,196		746,853
Excess of revenues over (under) expenditures		(37,337)		68,916		(184,013))	(152,434)
OTHER FINANCING SOURCES (USES):								
Debt proceeds		-		-		195,000		195,000
Transfers from other funds		853		-		-		853
Transfers to Water Authority		-		(42,577)		-		(42,577)
Total other financing sources (uses)		853		(42,577)		195,000		153,276
Excess of revenues and other financing sources over (under) expenditures and								
other financing uses		(36,484)		26,339		10,987		842
Fund balance, beginning of year		329,332		46,400		-		375,732
Fund balance, end of year	\$	292,848	\$	72,739	\$	10,987	\$	376,574

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended March 31, 2004

			GEN	ERAL FU	ND	
	_	Pardont		Actual		Variance avorable
REVENUES:		Budget		Actual	(Unje	avorable)
Property taxes	\$	192,304	\$	195,666	\$	3,362
Licenses and permits Intergovernmental:		16,820		17,170		350
State grants		154,853		146,985		(7,868)
Charges for services		77,706		81,048		3,342
Interest and rentals		4,081		5,454		1,373
Other revenue		2,500		6,474		3,974
Total revenues	_	448,264		452,797		4,533
EXPENDITURES:						
General government		96,920		89,202		7,718
Public safety		59,494		541,106		8,388
Public works		276,738		270,553		6,185
Community and economic development		5,300		5,217		83
Recreation and culture		13,600		13,600		-
Other		21,500		20,574		926
Capital outlay Debt Service:		15,385		13,633		1,752
Principal		24,000		24,000		_
Interest		2,249		2,249		_
Total expenditures		515,186		490,134		25,052
Excess of revenues over (under) expenditures		(66,922)		(37,337)		29,585
OTHER FINANCING SOURCES (USES):						
Transfers from other funds		853		853		-
Total other financing sources (uses)		853		853		-
Excess of revenues and other financing sources over (under) expenditures and other financing uses		(66,069)		(36,484)		29,585
Fund balance, beginning of year		329,332		329,332		-
Fund balance, end of year	\$	263,263	\$	292,848	\$	(29,585)
						

The accompanying notes are an integral part of these financial statements.

ALL PROPRIETARY FUNDS AND SIMILAR TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCE

For the Year Ended March 31, 2004

		OPRIETARY IND TYPES	FU	DUCIARY <u>ND TYPES</u> Expendable	(Men	Totals 10randum	
		Interprise	Trust			Only)	
OPERATING REVENUES:							
Investment income (loss) Other	\$	-	\$	848 3,100	\$	848 3,100	
Total operating revenues	_	_		3,948		3,948	
OPERATING EXPENSES:							
Depreciation		-		-		-	
Total operating expenses	_			-		-	
Net income (loss) before operating transfers		-		3,948		3,948	
OPERATING TRANSFERS:							
Transfer to Water Authority		(50,813)		-		(50,813)	
Transfer to other funds				(853)		(853)	
Total operating transfers		(50,813)		(853)		(51,666)	
Net income (loss)		(50,813)		3,095		(47,718)	
Retained earnings/fund balance, beginning of year		50,813		69,863		120,676	
Retained earnings/fund balance, end of year	\$	-	\$	72,958	\$	72,958	

PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2004

	<i>PRO</i>	PROPRIETARY FUND Water Fund		FIDUCIARY FUND Cemetery Perpetual Care Fund		Totals (Memorandum Only)	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Operating income (loss) Adjustments to reconcile operating income (loss) to net cash flows from operating activities:	\$	-	\$	3,948	\$	3,948	
Depreciation Changes in assets and liabilities:		-		-		-	
Changes in assets and liabilities: (Decrease) increase in due to other funds		_		_		_	
Due to other governmental units		-		855		855	
Net cash inflow (outflow) from operating activities	_	-		4,803		4,803	
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:							
Transfer to General Fund		_		(853)		(853)	
Net cash provided (used) for non capital financing activities		-		(853)		(853)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Disposal of Water Line Transfer to Water Authority		50,813 (50,813)		-		50,813 (50,813)	
Net cash provided (used) for capital and related financing activities				-		-	
CASH FLOWS FROM INVESTING ACTIVITIES:							
Transfer from Blumfield-Reese Water Authority Interest income		-		-		-	
Net cash provided (used) in investing activities		-		_		_	
Net increase (decrease) in cash and equivalents		-		3,950		3,950	
Cash and equivalents, beginning				69,863		69,863	
Cash and equivalents, ending	\$	_	\$	73,813	\$	73,813	

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Blumfield Township is located in Saginaw County, Michigan. The Township operates under a Township Board consisting of five members and provides various services to its residents.

The accounting policies of Blumfield Township conform to generally accepted accounting principles as applicable to governmental units, with the exception that the General Fixed Asset Group of Accounts is not included on the financial statements. The following is a summary of the more significant policies:

A. The Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units, if any. The Township has no component units and accordingly, the Township has not consolidated any entities into its general purpose financial statements.

The Township participates in the Blumfield-Reese Water Authority. The Authority was organized in 1968 to provide water services in the Township of Blumfield and the Village of Reese. Complete, audited financial statements for the Authority can be obtained from: Blumfield-Reese Water Authority, 12810 E. Washington Road, Reese, Michigan 48757, telephone 989-868-9940.

B. Basis of Presentation

The accounts of the Township are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, retained earnings, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped as follows in the financial statements.

GOVERNMENTAL FUND TYPES

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources that will be used to service general long-term debt.

Capital Projects Funds - Capital projects funds, if any, are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

PROPRIETARY FUND TYPES

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed primarily through user charges. As of April 1, 2003 the Activities of the Water Fund were ceased and the Beyer Road/M-15 Water Line, which was the only asset of the Water Fund, with a book-value of \$50,813 was transferred to the Blumfield-Reese Water Authority.

March 31, 2004

FIDUCIARY FUND TYPES

Trust and Agency Funds - To account for assets held by the Township in a trustee capacity or as agent for individuals, private organizations, other governments and/or other funds. When the assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the Township is under an obligation to maintain the trust principle. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

Long-term liabilities expected to be financed from Township funds are accounted for in the General Long-Term Debt Account Group. The account group is not a "fund." It is concerned only with the measurement of financial position, not with measurement of results of operations.

C. Basis of Accounting

The accrual basis of accounting is followed in the proprietary fund and nonexpendable trust fund types. The modified accrual basis of accounting is followed in the governmental and fiduciary fund types. The modified accrual basis of accounting is defined as the basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recognized when available or measurable.

All governmental funds utilize the modified accrual basis of accounting. Modifications in such methods from the accrual basis are as follows:

- 1) Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.
 - Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of September 14 before they are added to the County tax rolls.
- 2) Interest income on special assessments receivable is not accrued until its due date.
- 3) Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- 4) Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

The Township has followed the policy of not recording and recognizing a year-end account payable for the normal month to month recurring expenses payable. As a result of this policy there is no effect on operating results since twelve (12) months of expenditures are recorded each year. This policy, however, has the effect of understating liabilities. This unrecorded liability for accounts payable at year end was approximately \$3,000.

Property taxes are assessed as of December 31 and the related taxes become a lien on December 1 of the following year. These taxes are due on February 15 with the final collection date of February 28 before they are added to the County tax rolls.

March 31, 2004

D. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. The Township's Supervisor submits to the Township Board a proposed budget by March 31, of each year. The budget includes proposed expenditures and a means of financing them.
- 2. The budget for the General Fund was adopted on a basis consistent with generally accepted accounting principles.
- 3. Budgeted amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original appropriations which were amended.

E. Cash and Cash Equivalents

Consist of demand deposits, savings accounts, certificates of deposits and other investments, if any, with a maturity date of purchase of ninety days or less.

F. Investments

Investments, if any, are stated at fair value.

G. Receivables

Receivables have been recognized for all significant amounts due the Township. Valuation reserves have not been provided in that collection thereof is not considered doubtful.

H. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do *not* present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

March 31, 2004

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Township's deposits and investments at March 31, 2004 are included on the balance sheet under the following classifications:

	BALANCE SHEET CLASSIFICATION Cash and Cash Equivalents Investments Total							
Deposits - Bank Investments held by Bank	\$	152,202 292,000	\$	-	\$	152,202 292,000		
	\$	444,202	\$	-	\$	444,202		

DEPOSITS

The carrying amount of the Township's deposits was \$152,202 with a corresponding bank balance of \$191,683. Of that amount \$136,506 was covered by federal depository insurance and \$55,177 was uninsured and uncollateralized. The Township evaluates each financial institution it deposits Township funds with and assesses the level or risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

INVESTMENTS

The Township's investments are in accordance with statutory authority.

The Township's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name. The investments also include mutual funds and a deferred compensation plan that are not assigned a risk category because they are not evidenced by securities that exist in physical or book entry form.

	1	Cate	gory 2 3			rrying nount	Market <u>Value</u>
Government securities	\$	- \$	- \$	-	\$	-	\$ -
Investments not subject to categorization: National City - municipal investment funds					2	292,000	292,000
					\$ 2	292,000	\$ 292,000

March 31, 2004

NOTE 3: PROPERTY TAXES

The Township tax is levied and becomes a lien on December 1 based on the assessed taxable value of property as of the preceding December 31. Taxes levied are recognized in the year of the levy. In addition, the Township collects property taxes for the schools and county.

The taxable value of property in the Township for 2003 was \$70,932,996. The Township millage rates were .9549 mills for operations and 1.4979 mills for roads. The levy was \$67,734 for operations and \$106,251 for roads.

NOTE 4: LONG-TERM DEBT

GENERAL LONG-TERM DEBT:

In connection with transactions involving the Blumfield-Reese Water Authority, the Township has incurred the following long-term general obligations. All of these obligations are being repaid from special assessments to benefiting property owners.

1991 Water Special Assessment Bonds in the Name of the Township (M-15, Haack Rd., Water District #3)

Interest	Fiscal	ii-Annua st Payme		Total Fiscal Year				
Rate	Rate Year		ne 1	Dece	mber 1	 Maturity	Requirements	
7.0%	2005	\$	875	\$	525	\$ 10,000	\$	11,400
7.0	2006		525			 15,000		15,525
		\$	1,400	\$	525	\$ 25,000	\$	26,925

March 31, 2004

GENERAL LONG-TERM DEBT, continued:

1992 Contract Payable to Water Authority for Special Assessment Bonds Issued in Name of Water Authority (M-46/M-83 Water District #4):

Interest Rate	Fiscal Year	Oct	Sem Interes ober 1	-		Annual Maturity			Total cal Year rements
6.4%	2005	\$	1,666	\$	1,506	\$	5,000	\$	8,172
6.5	2006	•	1,506	Ψ	1,344	Ψ	5,000	Ψ	7,850
6.6	2007		1,344		1,179		5,000		7,523
6.7	2008		1,179		1,011		5,000		7,190
6.7	2009		1,011		844		5,000		6,855
6.75	2010		844		675		5,000		6,519
6.75	2011		675		338		10,000		11,013
6.75	2012		338		-		10,000		10,338
		\$	8,563	\$	6,897	\$	50,000	\$	65,460

1993 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (M-15, West of Block, Water District #5):

Payment Number	Payment Date	Pi	rincipal	In	terest	Total		
10	05-May-03	\$	3,700	\$	186	\$	3,886	
		\$	3,700	\$	186	\$	3,886	

Annual interest - 4.95%

1993 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (Janes, West of Beyer, Water District #6):

Payment Number	Payment Date	Pi	Principal		terest	Total		
10	05-May-03	\$	3,000	\$	150	\$	3,150	
		\$	3,000	\$	150	\$	3,150	

Annual interest - 4.95%

March 31, 2004

GENERAL LONG-TERM DEBT, continued:

1994 Installment Purchase Contract Payable to First of America Bank for Special Assessment Water Project (Block, M-46, Reese Road, Water District #7):

Payment Number	Payment Date	P	rincipal	 nterest		Total
11	15-Mar-05	\$	16,333	\$ 4,140	\$	20,473
12	15-Mar-06		16,333	3,312	•	19,645
13	15-Mar-07		16,333	2,484		18,817
14	15-Mar-08		16,333	1,661		17,994
15	15-Mar-09		16,338	829		17,167
		\$	81,670	\$ 12,426	\$	94,096

Interest rate - 5.0%

1994 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (Janes, East of Beyer, Water District #8):

Payment Number	Payment Date	P	rincipal	I	nterest		Total
11	15-Mar-05	\$	3,000	\$	760	\$	3,760
12	15-Mar-06		3,000		608	4	3,608
13	15-Mar-07		3,000		456		3,456
14	15-Mar-08		3,000		305		3,305
15	15-Mar-09		3,000		152		3,152
		\$	15,000	\$	2,281	\$	17,281

Interest rate - 5.0%

March 31, 2004

GENERAL LONG-TERM DEBT, continued:

1997 Installment Purchase Contract Payable to Citizens Bank for Special Assessment Water Project (Reese Road - M-15, Water District #9):

Payment Number	Payment Date	P	rincipal	 Interest		Total
8	2-15-05	\$	7,381	\$ 4,500	\$	11,881
9	2-15-06		7,834	4,047	•	11,881
10	2-15-07		8,314	3,567		11,881
11	2-15-08		8,824	3,057		11,881
12	2-15-09		9,365	2,516		11,881
13	2-15-10		9,939	1,942		11,881
14	2-15-11		10,548	1,333		11,881
15	2-15-12		11,194	687		11,881
		\$	73,399	\$ 21,649	\$	95,048

Interest rate - 6.1%

1999 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (Bradley Road, Water District #10):

Payment Number	Payment Date	P	Principal		nterest	Total		
6	12-1-04	\$	4,867	\$	2,360	\$	7,227	
7	12-1-05		4,867		2,124	•	6,991	
8	12-1-06		4,867		1,888		6,755	
9	12-1-07		4,867		1,652		6,519	
10	12-1-08		4,867		1,416		6,283	
11	12-1-09		4,867		1,180		6,047	
12	12-1-10		4,867		944		5,811	
13	12-1-11		4,867		708		5,575	
14	12-1-12		4,867		472		5,339	
15	12-1-13		4,862		236		5,098	
		\$	48,665	\$	12,980	\$	61,645	

Interest rate - 4.85%

March 31, 2004

GENERAL LONG-TERM DEBT, continued:

1999 Water Special Assessment Bonds in the Name of the Township (Janes Road, Beyer Road, Water District #11):

Interes Rate	st Fiscal Year	Осі	Sem Interes tober 1	-		Annual Maturity	Total Fiscal Year Requirements		
5.55%		\$	4,718	\$	4,717	\$ 20,000	\$	29,435	
5.55	2006		4,162		4,163	15,000		23,325	
5.55	2007		3,747		3,746	15,000		22,493	
5.55	2008		3,330		3,330	20,000		26,660	
5.55	2009		2,775		2,775	15,000		20,550	
5.55	2010		2,359		2,359	15,000		19,718	
5.55	2011		1,942		1,943	20,000		23,885	
5.55	2012		1,388		1,387	15,000		17,775	
5.52	2013		971		971	15,000		16,942	
5.55	2014		555		555	20,000		21,110	
		<u>\$</u>	25,947	\$	25,946	\$ 170,000	\$	221,893	

In addition to the debts as detailed above, the Township has pledged to back certain obligations of the Blumfield-Reese Water Authority. See Note #5.

In connection with the acquisition of a fire truck the Township has the following general long-term obligation.

2002 Water Special Assessment Bonds in the Name of the Township (N. Gera Rd., M-15, Water District #12):

Interest Rate	Fiscal Year	Annual Interest		Annual Principal Maturity	Total cal Year irements
4.375%	2005	\$ 12,250	\$	20,000	\$ 32,250
4.375	2006	11,375		20,000	31,375
4.375	2007	10,500		20,000	30,500
4.375	2008	9,625		20,000	29,625
4.375	2009	8,750		20,000	28,750
4.375	2010	7,875		20,000	27,875
4.375	2011	7,000		20,000	27,000
4.375	2012	6,125		20,000	26,125
4.375	2013	5,250		20,000	25,250
4.375	2014	4,375		25,000	29,375
4.375	2015	3,281		25,000	28,281
4.375	2016	2,188		25,000	27,188
4.375	2017	 1,094		25,000	26,094
		\$ 89,688	\$	280,000	\$ 369,688

March 31, 2004

GENERAL LONG-TERM DEBT, continued:

1999 Installment Purchase Contract to National City Bank for Purchase of Fire Truck.

Payment Number	Payment Date	Principal	Interest	Total		
5	05-01-04	\$ 25,000	\$ 1,150	\$ 26,150		
		\$ 25,000	\$ 1,150	\$ 26,150		

Interest rate - 4.6%

2003 Installment Purchase Contract to National City Bank for Construction of Township Hall Addition.

Payment Number	Payment Date	Principal	Interest	Total
1	05-01-04	\$ 16,475	\$ 7,296	\$ 23,771
2	05-01-05	17,146	6,624	23,770
3	05-01-06	17,782	5,989	23,771
4	05-01-07	18,442	5,328	23,770
5	05-01-08	19,114	4,657	23,771
6	05-01-09	19,835	3,935	23,770
7	05-01-10	20,572	3,199	23,771
8	05-01-11	21,335	2,435	23,770
9	05-01-12	22,122	1,649	23,771
10	05-01-13	22,177	823	23,000
		\$ 195,000	\$ 41,935	\$ 236,935

Interest rate – 3.66%

March 31, 2004

GENERAL LONG-TERM DEBT, continued:

The following is a summary of general long-term debt transactions for the year ended March 31, 2004:

			Balance	<u></u>		03-04	1	Balance		
		April 1, 2003			New Debt		Payments		March 31, 2004	
Special Assessment Bonds P	ayable:									
1991 Water District #3		\$	35,000	\$	-	\$	10,000	\$	25,000	
1999 Water District #11			185,000		-		15,000		170,000	
2002 Water District #12			300,000		-		20,000		280,000	
			520,000		-		45,000		475,000	
Special Assessment Contrac	ts Payable:									
1992 Water District #4	•		55,000		-		5,000		50,000	
1993 Water District #5			3,700		_		3,700			
1993 Water District #6			3,000		-		3,000		_	
1994 Water District #7			98,003		-		16,333		81,670	
1994 Water District #8			18,000		-		3,000		15,000	
1997 Water District #9			80,354		-		6,955		73,399	
1997 Water District #10			53,532		-		4,867		48,665	
			311,589		-		42,855		268,734	
1999 Installment Purchase:										
Fire Truck 2003 Installment Purchase:			49,000		-		24,000		25,000	
Township Hall			<u></u>		195,000		-		195,000	
			49,000		195,000		24,000		220,000	
	Totals	<u>\$</u>	880,589	\$	195,000	\$	111,855	\$	963,734	

March 31, 2004

GENERAL LONG-TERM DEBT, continued:

The annual requirements to pay all general long-term debt outstanding as of March 31, 2004 including interest payments of \$251,387 are as follows:

Year	Water District #3	Water District #6	Water District #7	Water District #8	Water District #9	Water District #10	Water District #11	Water District #12	Township Hall Addition	Fire Truck	Total
2005	\$ 11,400	\$ 8,172	\$ 20,473	3,760	\$ 11,881	\$ 7,227	\$ 29,435	\$ 32,250	\$ 23,771	\$ 26,150	\$ 174,519
2006	15,525	7,850	19,645	\$ 3,608	11,881	6,991	23,325	31,375	23,770	w 20,150	143,970
2007	-	7,523	18,817	3,456	11,881	6,755	22,493	30,500	23,771	-	125,196
2008	-	7,190	17,994	3,305	11,881	6,519	26,660	29,625	23,770	-	126,944
2009	-	6,855	17,167	3,152	11,881	6,283	20,550	28,750	23,771	-	118,409
2010	-	6,519		´ •	11,881	6,047	19,718	27,875	23,770		95,810
2011	-	11,013	-	_	11,881	5,811	23,885	27,000	23,771		
2012	•	10,338	-	-	11,881	5,575	17,775	26,125	23,770		103,361
2013	-	•	_	-	,	5,339	16,942	25,250	23,771	-	95,464
2014	-	_	_		_	5,098	21,110	29,375	23,771	-	71,302
2015	-	-	_	_	-	3,070	21,110	,	23,000	-	78,583
2016	_	_		_		-	-	28,281	-	-	28,281
2017		=	_	_	-	-	-	27,188	-	-	27,188
2017						-	-	26,094	-		26,094
	\$ 26,925	\$ 65,460	\$94,096	\$ 17,281	\$ 95,048	\$ 61,645	\$221,893	\$ 369,688	\$236,935	\$ 26,150	\$ 1,215,121

NOTE 5: BLUMFIELD-REESE WATER AUTHORITY

As discussed in Note #1 concerning the reporting entity, the Township is a participant in the Blumfield-Reese Water Authority. In this connection, Blumfield Township has pledged its financial support and backing for various liabilities of the Authority.

Also, the Township incurred special assessment debt issues #3 through #12 in connection with water system construction activities of the Authority. Annual debt payments on these bond issues are handled by the Water Authority.

During the year ended March 31, 2004 the Township transferred the Beyer Road/M-15 Water Line to the Blumfield-Reese Water Authority.

March 31, 2004

NOTE 6: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

	Water Fund
Operating revenues	\$ -
Depreciation expense	_
Operating income (loss)	_
Operating grants, entitlements, and shared revenues	_
Operating interfund transfers in (out)	_
Tax revenues	_
Net income (loss)	(50,813)
Current capital contributions	(20,012)
Property, plant, and equipment additions (deletions)	_
Net working capital	•
Total assets	_
Bonds and other long-term debt outstanding	_
Amounts of this debt payable solely form operating revenues	_
Total equity	_

NOTE 7: RESTRICTED MILLAGE

The Township levies an approved road millage of 1.5 mills (1.4979 for 2003) for road construction and road repair and maintenance. A summary of the millage levied and spent, for the year, is as follows:

Balance - March 31, 2003	\$	-
Current property taxes collected	1	106,249
Expenditures	1	06,249
Balance - March 31, 2004	\$	

March 31, 2004

NOTE 8: SPECIAL ASSESSMENTS RECEIVABLE

The Township has levied special assessments for the financing of water lines within the Township. These special assessments receivable balances as of March 31, 2004 are as follows:

DEBT FUNDS:

1991 Haack Road/M-15 Water District #3	\$ 3,241
1992 M-46/M-83 Water District #4	22,330
1994 Block/M-46/Reese Rd., Water District #7	67,160
1994 Janes, East of Beyer, Water District #8	11,110
1997 Reese Road, M-15, Water District #9	45,627
1997 Bradley Road, Water District #10	46,476
1999 Janes Road, Beyer Road, Water District #11	167,952
2002 N. Gera Rd./M-15 Water District #12	 221,954
	\$ 585,850

NOTE 9: PROPRIETARY FUND FIXED ASSETS

The following summarizes the fixed assets of the Water Fund:

Water lines	\$ 129,044
Accumulated depreciation	 (78,231)
Net assets	50,813
Less: Transfer to Water Authority	 (50,813)
Total	\$ _

NOTE 10: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its liability and property risk and worker's compensation insurance by participating in Michigan Township Participating Plan, a public entity risk pool providing property and liability coverage to its participating members. The Township pays an annual premium to Michigan Township Participating Plan for its insurance coverage. The Michigan Township Participating Plan is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

March 31, 2004

NOTE 11: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2004, the Township incurred no expenditures in certain budgetary funds which were in excess of the amounts appropriated.

NOTE 12: STATE CONSTRUCTION CODE ACT

The Township oversees building construction, in accordance with the state's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

Surplus at April 1, 2003	\$ -
Current year building permit revenue	17,170
Related expenditures: Direct costs In-Direct costs	16,398 772
Cumulative surplus at March 31, 2004	\$ -

In accordance with the new law, \$0 of fund balance in the General Fund has been reserved for future construction code activities.

SUPPLEMENTAL FINANCIAL INFORMATION

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES

For the Year Ended March 31, 2004

\$ 172,810
22,856
195,666
17,170
1,504
141,248
4,233
146,985
79,348
1,700
81,048
4,204
1,250
5,454
1,900
2,188
2,386
6,474
452,797
853
633
\$ 453,650

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES

For the Year Ended March 31, 2004

EXPENDITURES:

General Government:

Board/Council Personnel	\$ 1,635
Supervisor:	Ψ 1,033
Personnel	6,000
Supplies	6,900
Mileage/auto	196 40
Timougo auto	
Clarity	7,136
Clerk: Personnel	
Supplies	11,720
Supplies	319
	12,039
Board of Review:	
Other	945
Treasurer:	
Personnel	12,400
Supplies	2,242
Mileage/auto	176
Other	85
	14,903
Assessor/Equalization:	
Personnel	9,600
Supplies	1,630
Contracted services	8,000
	19,230
Elections:	
Contracted services	240
Building and Grounds:	
Telephone	1,365
Utilities	2,766
Repairs and maintenance	2,771
	6,902
Attorney:	
Contracted services	4,587

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES, continued

For the Year Ended March 31, 2004

EXPENDITURES, continued: General Government, continued:

Cemetery:	
Utilities	124
Repairs and maintenance	7,003
	7,127
Community Activities (Center, Paper, Promo):	
Contracted services	2,579
Other General Government:	-
Personnel	720
Supplies	524
Contracted services	6,457
Printing and publications	1,879
Other	2,299
	11,879
Total general government	89,202
Public Safety:	
Police:	
Telephone	314
Liquor Law Enforcement:	
Contracted services	1,250
Fire:	
Personnel	2,265
Supplies	. 477
Contracted services	18,370
Telephone	2,420
Dues and memberships	845
Education and training	3,500
Utilities	2,467
Repairs and maintenance	8,017
	38,361
Protective Inspection and Regulation:	
Personnel	2,121
Contracted services	9,060
	11,181
Total public safety	51,106
	

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES, continued

For the Year Ended March 31, 2004

EXPENDITURES, continued:

Public Works:

1 with Works.	
Drains Public Benefit: Repairs and maintenance	24,627
Highways and Streets: Repairs and maintenance	168,584
Street Lighting: Utilities	611
Refuse: Contracted services	76,731
Total public works	270,553
Community and Economic Development:	
Planning and Zoning: Personnel Supplies Contracted services Mileage/auto Education and training Printing and publications	178 136 3,712 431 680 80 5,217
Total community and economic development	5,217
Recreation and Culture:	
Parks and Recreation: Contracted services	6,000
Library: Contracted services	7,600
Total recreation and culture	13,600
Other:	
Insurance and Bonds: Insurance	16,943
Payroll Taxes: Fringe benefits	3,631
Total other	20,574

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES, continued

For the Year Ended March 31, 2004

EXPENDITURES, continued:

Capital Outlay:	
General Government:	
Building and grounds	2,490
Cemetery	2,048
Other – general government	791
	5,329
Public Safety:	
Fire	8,304
Total capital outlay	13,633
Debt Service:	
Principal	24,000
Interest and fees	2,249
Total debt service	26,249
Total expenditures	\$ 490,134

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

March 31, 2004

	1991 M-15, Haack Rd. Water District #3			1992 M-45/M-83 Water District #4		1994 Block, M-46 Reese Road Water District #7		1994 Janes, East of Beyer Water District #8	
ASSETS:									
Cash and equivalents Special Assessments Receivable:	\$	4,690	\$	-	\$	-	\$	-	
Current		540		-		-		-	
Long-term		2,701 89		22,330		67,160		11,110	
Interest receivable						_		-	
Total assets	\$	8,020	\$	22,330	\$	\$ 67,160		11,110	
LIABILITIES AND FUND EQUITY:									
Liabilities:									
Deferred revenue		2,701		22,330		67,160		11,110	
Total liabilities		2,701		22,330		67,160		11,110	
Fund Equity: Fund Balance:									
Unreserved – Undesignated		5,319		_					
Total fund equity		5,319						-	
	<u></u>	***	Ф.	22.220		-			
Total liabilities and fund equity	\$	8,020	\$	22,330	\$	67,160	\$	11,110	

	1997 Reese Rd., M-15 Water District #9		1999 radley Rd., Water Line Project #10		1999 'anes Road Beyer Road Water District #11	λ	2002 N. Gera Rd., M-15, Water District #12		Totals
ф		•		•		_			
\$	-	\$	-	\$	10,613	\$	54,679	\$	69,982
	_		_		1,282		_		1,822
	45,627		46,476		166,670		221,954		584,028
	-		-		846				935
\$	45,627	\$	46,476	\$	179,411	\$	276,633	\$	656,767
\$	45,627	\$	46,476	\$	166,670	\$	221,954	\$	584,028
	45,627		46,476		166,670		221,954		584,028
	_		-		12,741		54,679		72,739
	_			•	12,741		54,679		72,739
\$	45,627	\$	46,476	\$	179,411	\$	276,633	\$	
Φ	43,027	Φ	40,470	Þ	1/9,411	Ф	2/0,033	Э	656,767

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended March 31, 2004

	1991 M-15, aack Rd. Water District #3	1992 -45/M-83 Water District #4	1994 Block, M-46 Reese Road Water District #7		1994 nes, East of Beyer Water District #8
REVENUES:					
Interest earned	\$ 30	\$ -	\$ -	\$	_
Special assessments	 4,312	5,243	17,663		2,922
Total revenues	 4,342	5,243	 17,663		2,922
EXPENDITURES:					
Debt Service:					
Principal	10,000	-	-		-
Interest	 2,701	 -	-		
Total expenditures	 12,701				
Excess of revenues over (under)					
expenditures	 (8,359)	 5,243	 17,663		2,922
OTHER FINANCING SOURCES (USES):					
Transfer to Water Authority for					
debt service	 	 (5,243)	 (17,663)		(2,922)
Total other financing sources (uses)	 -	 (5,243)	 (17,663)		(2,922)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(8,359)	-	-		-
Fund balance, beginning of year	13,678	_	_		-
Fund balance, end of year	\$ 5,319	\$ -	\$ -	\$	-

1997 eese Rd., M-15 Water District #9	1999 1999, , Bradley Rd., Janes R Water Beyer R Line Wate Project Distri #10 #11			λ	2002 I. Gera Rd., M-15, Water District #12	Totals
\$ -	\$ -	\$	34	\$	221	\$ 285
 9,080	7,669		27,666		65,599	 140,154
 9,080	7,669	•	27,700		65,820	 140,439
_	_		15,000		20,000	35,000
_	-		10,405		13,417	23,822
 •	-		25,405		33,417	 71,523
 9,080	7,669		2,295		32,403	68,916
(9,080)	(7,669)		_		_	(42,577)
 (9,080)	(7,669)				•	(42,577)
-	-		2,295		32,403	26,339
 	-		10,446		22,276	46,400
\$ -	\$ -	\$	12,741	\$	54,679	\$ 72,739

TRUST AND AGENCY FUNDS

COMBINING BALANCE SHEET

March 31, 2004

	 NON- EXPENDABLE TRUST Cemetery Perpetual Care				Totals
ASSETS:					
Cash and equivalents	\$ 72,958	\$	855	\$	73,813
Total assets	\$ 72,958	\$	855	\$	73,813
LIABILITIES AND FUND EQUITY: Liabilities: Due to other governmental units	\$ <u>-</u>	\$	855	\$_	855
Total liabilities	 -	·	855		855
Fund Equity: Fund Balance: Unreserved – Undesignated	72,958		-		72,958
Total fund equity	 72,958		_		72,958
Total liabilities and fund equity	\$ 72,958	\$	855	\$	73,813

NON-EXPENDABLE TRUST FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended March 31, 2004

	NON- EXPENDABLE TRUST Cemetery Perpetual Care
REVENUES:	
Investment income (loss) Perpetual care	848 3,100
Total revenues	3,948
OTHER FINANCING SOURCES (USES):	
Transfer to other funds	(853)
Total other financing sources (uses)	(853)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	3,095
Fund balances, beginning of year	69,863
Fund balances, end of year	\$ 72,958

BLUMFIELD TOWNSHIP

ALL AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended March 31, 2004

Balance			Balance
April 1,			March 31,
2003	Additions	Deductions	2004

CURRENT TAX COLLECTIONS FUND

ASSETS:						
Cash in bank	\$	2,395	\$ 2,211,923	\$ 2,213,463	\$	855
Cash ili balik	D		 2,211,923	2,213,403	3	833

LIABILITIES:				
Due to other taxing units and funds	\$ 2,395	\$ 2,211,923	\$ 2,213,463	\$ 855



60 Harrow Lane Saginaw, Michigan 48603

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MANAGEMENT LETTER

To the Township Board Blumfield Township

We have completed our audit of the financial statements of Blumfield Township for the year ended March 31, 2004, and have issued our report thereon dated May 27, 2004. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Township's administration is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the administration with reasonable, but not absolute assurance that assets are safeguarded against unauthorized use or disposition and that transactions are executed in accordance with the administration's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township taken as a whole. Our study and evaluation disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of the Township management and should not be used for any other purpose.

We wish to extend our appreciation to you and your staff for the assistance accorded us during our audit.

Berthiaume & Company

Certified Public Accountants

Berthiaume & Co.

May 27, 2004